

March 28, 2001

Claudine Langlois-Director
Massachusetts Department of Telecommunication and Energy
One South Station
Boston MA 02110

Dear Claudine,

On June 1, 2001, Bay State Gas will close its three Massachusetts customer walk-in centers located in Brockton, Springfield and Lawrence. We made the decision to close the centers because only a very small percentage of our customer base continue to use them, given the other more convenient payment options now available to customers. There are 14 employees that have held positions in the walk-in centers that have had opportunities to apply for other positions within the company.

Approximately 5% of our residential customers use the walk-in centers monthly, primarily to pay bills and/or to have billing or credit questions answered. For comparison purposes, approximately 60% of our customers' pay by mail, 30% pay at one of 90 payment agencies and 5% use Direct Payment. After June 1, customers may continue to choose any of these bill payment alternatives. (The payment agents will charge a nominal fee for this service, which is typically \$1 or less.)

We have launched an extensive communications effort to ensure that we inform all of our customers about the office closing date and their other options. Our customer communication plan includes bill inserts, which will accompany April, May and June monthly statements and notices, and discuss payment options and agency locations. Signs announcing the closing date and other ways to reach the company will be prominently posted inside and outside each of our field offices. Bay State walk-in representatives will also directly inform each walk-in customer about the closing, answer their questions and provide them with comprehensive information kits. This kit will include a customer letter announcing the closing, a brochure listing payment options and payment agencies, a Q&A, a postage-paid envelope for a gas bill payment, and a wallet card on which the representative will write in the customer's account number for easy access at a later date. In addition, we are also sending bulletins to our employees and letters to local government officials and state senators and representatives throughout our service areas. We are also notifying Fuel Assistance and State Welfare Department directors and asking them to distribute information about payment options and payment agencies – as well as the payment agencies themselves.

As a result of the walk-in center closings, we were required to adjust our procedure for handling Cromwell Waivers. Prior to June 1, customers were required to visit our office to sign the waiver before service was initiated for new accounts. After June 1, our Call Center representatives will read customers the wording on the waiver, at the time new accounts are requested by customers with prior balances, and then follow up by mailing the customer a paper copy to complete. Customers will then be asked to return the completed form to the company. Our call center is equipped with voice recording equipment capable of logging

customers' agreements of the balance transfers and arrangements on tape. If a disagreement should occur, we will have the capability of locating the voice file and replaying the conversation.

Given our extensive planning and communications efforts, we are confident that there will be a smooth transition for our customers. However, if there are customers who call your office expressing dissatisfaction about this change, we ask that you give us a second opportunity to address these customers on a one-on-one basis instead of considering these calls certified cases.

I hope that you have found this information helpful. I'd be happy to meet with you to discuss any of these issues in more detail.

Sincerely,

Virginia Anthony
Manager Customer Relations & Compliance

CC: Pam Bellino
Steve Bryant